

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2956-02
Bill No.: HB 1404
Subject: Administration, Office of; Motor Vehicles; State Departments
Type: Revised
Date: April 15, 2002
#Revised as a result of the Oversight Subcommittee's decision to reflect zero fiscal impact.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Office of Administration Revolving	\$0	\$0	\$0
Various*#	\$0	\$0	\$0
General Revenue	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds#	\$0	\$0	\$0

* Various State Funds includes costs to Federal Funds.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 12 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Central Missouri State University, Lincoln University, Missouri Southern State College, Northwest Missouri State University, Southeast Missouri State University, and Southwest Missouri State University** did not respond to our fiscal impact request.

Officials from the **Office of the Governor, Office of the Lieutenant Governor, State Auditor's Office, Office of the Attorney General, Office of Prosecution Services, Missouri Tax Commission, Missouri Ethics Commission, Missouri Gaming Commission, State Emergency Management Agency, Capitol Police, Missouri Consolidated Health Care Plan, Harris-Stowe State College, Linn State Technical College, Missouri Western State College, and the Public School and Non-Teacher School Employee Retirement Systems of Missouri** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Missouri House of Representatives (MHR)** and the **Missouri Senate (SEN)** state the proposal would have no fiscal impact as they relate to their agencies. The MHR and the SEN assume any costs associated with the proposal would be absorbed in current appropriations.

Officials from the **Office of the State Courts Administrator (CTS)** state because the amount of the "state vehicle fleet fee" is not specified in the proposal, they are unable to provide a cost estimate; however, CTS assumes the cost would be minimal.

Officials from the **Missouri Lottery Commission (MLC)** note they are a non-General Revenue agency that is totally self-funding through the Lottery Enterprise Fund. MLC states when they sell a vehicle, the money returns to the Lottery Enterprise Fund from which they are appropriated funds for replacement vehicles. MLC notes for these reasons, they would ask to be exempted along with the other non-General Revenue agencies listed in section 37.095 of the proposal.

Officials from the **University of Missouri** assume the proposal would cost their agency approximately \$10,000 per year in administrative costs plus the cost of each vehicle fee times 1,210.

Officials from the **Truman State University (TSU)** assume the proposal would result in the need for an additional .25 FTE clerical position to handle additional paperwork associated with the proposed tracking system and reports. TSU also assumes the additional costs related to the annual "state vehicle fleet fee" are unknown at this time. TSU assumes the proposal would result in minimal additional cost, which is estimated at \$5,200.

ASSUMPTION (continued)

Officials from the **State Treasurer's Office** assume the fiscal impact is unknown because the amount of the vehicle fleet fee is unknown.

Officials from the **Department of Higher Education (CBH)** note the administrative tasks associated with the proposal could be absorbed at the current staffing level. CBH notes the proposal requires a vehicle fleet fee paid for every vehicle owned. CBH notes the amount of the vehicle fleet fee is not included in the proposal and, therefore, assumes the fiscal impact is unknown. CBH also notes the proposal requires an annual inspection, for which the proposal is unclear as to if the inspection would be done by the state or through a private vendor, and at what cost. CBH assumes the fiscal impact related to the inspection cost is also unknown.

Officials from the **Department of Conservation (MDC)** assume their agency would be exempt from the proposal due to the constitutional authority granted to the Conservation Commission. MDC notes if the proposal is interpreted such that their Department is required to pay a license fee, the fiscal impact could be significant depending on the amount of the fee.

Officials from the **Department of Health and Senior Services (DOH)** assume the proposed legislation would result in an annual fiscal impact due to the fee imposed per vehicle per agency. DOH states the cost is unknown as the fee is established by rule and not indicated in the proposal. DOH assumes the proposal would not be expected to significantly impact its operations. DOH officials note if the proposal were to substantially impact its programs, they would request funding through the legislative process.

Officials from the **Department of Labor and Industrial Relations (DOL)** state they are unable to determine the fiscal impact of the proposed legislation as the amount of the annual fleet fees, nor the inspection fees are set out in statute, but instead would be set via administrative rule. DOL also notes they cannot determine the amount of any credit that might be received pursuant to section 37.095.

Officials from the **Department of Public Safety - Division of Fire Safety** assume the proposal would result in additional cost of \$40 per vehicle which, when multiplied by the 50 vehicles the Division owns, would be \$2,000 annually.

Officials from the **Department of Public Safety - Director's Office (DPS)** assume the proposal would result in unknown operating costs to the Department. DPS assumes unknown costs because the proposal does not detail the amount of the fee that would need to be paid to the Department of Revenue.

Officials from the **Department of Public Safety - Missouri State Highway Patrol (MSHP)**
ASSUMPTION (continued)

note according to the Office of Administration - General Services, the per vehicle cost for the fleet management system could range from \$0 to \$33. In addition, the per vehicle charge for administrative costs would be \$7 to \$8. The total annual fee, estimated by the Office of Administration, ranges from \$7 to \$41 per vehicle. MSHP states there are 1,250 vehicles in the Patrol fleet for which additional costs would range from \$8,750 to \$51,250 annually. MSHP estimates the registration/licensing requirements, in addition to the increased data entry and reporting requirements would require about two additional hours of work per vehicle per year. For 1,250 vehicles, the MSHP estimates 2,500 hours of additional time would be necessary to comply with the requirements of the proposal. MSHP assumes an additional FTE (Clerk Typist) would be needed to handle the increased workload.

Officials from the **Department of Corrections (DOC)** state their agency has approximately 871 vehicles (licensed and unlicensed) in its current fleet. DOC assumes an annual fee of \$40 per vehicle would cost their agency \$34,840 annually.

Officials from the **Department of Elementary and Secondary Education (DES)** assume proceeds from the sale of DES' surplus vehicles would be deposited into the Office of Administration Revolving Administration Trust Fund. DES assumes the sale would result in an unknown loss to the Missouri State Surplus Clearing Fund and an equivalent gain to the Office of Administration Revolving Administration Trust Fund. DES believes their agency would be able to prepare and submit an annual report without additional costs. DES notes the portion of the proposal which requires each agency to pay a state vehicle fleet fee has associated costs which cannot be determined until the amount of the fee is set forth by rule. DES assumes the annual inspection for each vehicle owned would be \$7, resulting in costs of \$749 for 107 cars and trucks. DES assumes the biennial inspection of buses by the Missouri State Highway Patrol would not be impacted by this proposal and, therefore, assume no additional costs would be incurred for inspection of buses.

Officials from the **Department of Economic Development (DED)** assume coordination and information gathering can be handled with existing staff. DED assumes the cost of having all vehicles inspected every year as required by this proposal versus the biennial inspection required by 307.350 RSMo. would result in extra costs of \$7.50 per vehicle. DED currently has 173 vehicles ($\$7.50 \times 173 = \$1,298$). In addition to this cost, DED assumes there would be an unknown cost assessed per vehicle to pay for the Fleet Management system and Fleet Manager's salary. DED notes since the amount of the fee will be prescribed by rule, no estimate of a fiscal impact can be calculated at this time. DED assumes their agency would have access to funds received in the Revolving Administrative Trust Fund, from the sale of Department-owned vehicles, which would be available for use when needed; however, due to the uncertainty of receipts from surplus sales, a projected amount is unknown.

ASSUMPTION (continued)

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Officials from the **Department of Mental Health (DMH)** note they operate approximately 800 vehicles and replace vehicles on an average of every six years. DMH estimates the value of surplus vehicles to be \$2,000 per vehicle. DMH notes the proposal provides that vehicles surplus, to the department, be sold and credited to the department in the Office of Administration Revolving Fund for future purchases, subject to appropriation. DMH assumes new car purchasing costs will be reduced by \$266,667 per year (800 divided by 6 times \$2,000). DMH assumes this amount would be reduced by 1% for the Department of Revenue's administration fee, leaving \$264,000. DMH notes in accordance with estimates provided by the Office of Administration, there would be an additional cost of \$7 to \$40 per vehicle for vehicle fleet cost, which would cost their Department \$5,600 to \$32,000 annually. DMH assumes the net effect for all funds, as a result of the proposal, would be a credit of \$232,000 to \$258,400 annually.

Officials from the **Department of Social Services (DOS)** assume there are certain fees that are to be charged to the various departments in order to cover the Office of Administration's operations. DOS notes they do not know how much these charges will be but assumes the cost would not exceed \$100,000. DOS states the total number of vehicles currently in use by the Department is 450. DOS estimates, given their fleet size, a basic hosted fleet information system would cost approximately \$40 per vehicle per year, resulting in annual costs of approximately \$18,000.

Officials from the **Department of Insurance (MDI)** assume the proposal requires that money from the sale of vehicles be deposited into the Office of Administration Revolving Administration Trust Fund and a credit will be given to the agency for future purchase of vehicles. MDI assumes it would have to request appropriation from this fund for vehicle purchases. MDI notes the proposal also creates a fleet fee for each state vehicle that the agencies would pay; however, the fee is not disclosed. MDI notes their agency currently has six vehicles. MDI assumes the cost to their agency for the fleet fee is unknown.

Officials from the **Department of Agriculture (MDA)** assume coordination and information gathering, generated by this proposal, could be handled with existing staff. MDA states the cost of having all vehicles inspected every year as required by the proposal versus the biennial inspection required by 307.350 RSMo. would result in additional annual costs of \$994 (\$7.50 per vehicle x 265 vehicles or \$1987.50/2). MDA defers to the Office of Administration regarding the cost of the fleet system and fleet manager's salary. MDA notes recent estimates from the Office of Administration show costs of between \$7 and \$40 per vehicle which, for 265 vehicles, would translate into annual costs of between \$1,855 and \$10,600.

ASSUMPTION (continued)

Officials from the **Department of Natural Resources (DNR)** assume their agency would absorb

the cost of conversion to the state vehicle fleet tracking system. DNR assumes there would be costs for annual inspections rather than biennial inspections. DNR notes because section 301.260 of the proposal does not indicate the amount of the state vehicle fleet fee, it is unknown what the fiscal impact to their Department would be.

Officials from the **Secretary of State's Office (SOS)** assume the proposal could result in the Office of Administration (COA) promulgating rules. SOS assumes the rules, regulations and forms issued by the COA could require as many as 24 pages in the *Code of State Regulations*. SOS notes for any given rule, roughly half again as many pages are published in the *Missouri Register* as in the *Code* because cost statements, fiscal notes and the like are not repeated in the *Code*. SOS estimates the cost of a page in the *Missouri Register* and the *Code of State Regulations* to be \$23 and \$27, respectively. SOS estimates costs of \$1,476 for FY 2003. SOS states the impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple proposals pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decision to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Transportation (DHT)** note the proposal's requirement to annually inspect fleet is currently performed by their agency and would not create additional fiscal impact. DHT also notes the proposal's requirement to re-license annually would pose a monumental task as there are currently 5,000 licensed units in DHT's fleet. DHT assumes they would need two additional FTE to perform duties related to the re-licensing paperwork and the renewal process. DHT assumes the cost of the additional FTE would be an annual cost of \$50,041 in salaries, \$21,202 in fringe benefits, and \$18,610 in associated expense and equipment, for a total of \$89,853. DHT assumes the additional cost of the fleet fee would impact the Department by approximately \$100,000 annually, based on an estimated fee of \$20 per vehicle.

Officials from the **Department of Revenue (DOR)** note Departmental vehicles are currently only titled and registered upon purchase or transfer. DOR assumes this proposal will require state departments to renew state vehicles on an annual basis. DOR records indicate there are approximately 17,000 vehicles registered to state departments. DOR states the registration renewals would be processed through the Driver and Vehicle Services Bureau's Central Office. DOR assumes processing 17,000 additional registrations per year would require approximately 486 hours of overtime for a Revenue Licensing Technician II, resulting in \$8,325 additional

ASSUMPTION (continued)

salary expense. DOR notes the proposal would also require various changes to the Driver and Vehicle Services Bureau (DVSB) policies, procedures, forms, and postage. DOR estimates the

DVSB would incur cost in the amount of \$5,300 annually for additional tabs that would be required for all state vehicles.

DOR's Information Technology Bureau requested a cost analysis from the current contract vendor regarding potential programming changes and note that until the response is received, costs for programming the system are unknown.

DOR notes the proposal does not indicate what amount the state departments will have to pay for vehicle registration and, therefore, cannot determine the fiscal impact. DOR assumes an unknown revenue loss to both the General Revenue and Highway Funds. DOR states vehicles that would require the fee to be paid from either General Revenue if it is a Taxation vehicle or Highway Fund if it is a Division of Motor Vehicle and Drivers Licensing vehicle.

Officials from the **Office of Administration - Division of General Services (COA)** assume the proposal would result in additional costs of \$481,348 for a Fleet Information System and software support. COA states the Fleet Information System costs were based on a vendor's estimate for a basic, web-based system that would be hosted, maintained, and cover 15,000 vehicles and 125 users. Subject to bid, COA notes some costs may drop but other expenses may be added for implementation and additional enhancements. COA notes software costs are variable. COA assumes 15,000 state vehicles would be covered under the proposed legislation based on the Department of Revenue and agency reports submitted by most state agencies.

COA expects to evaluate the most efficient and effective approach to tracking fleet information which could lead to a combination of approaches that could reduce the total costs of the system. COA states, potentially, some or all of the fleet tracking could be performed through systems developed in-house and/or through spreadsheets or database applications. Therefore, we recommend a range from \$0 to full costs for the fleet tracking system costs.

COA operates 149 vehicles that will be subject to the state vehicle fleet fee. Assuming a range of \$7 to \$40, COA projects a total General Revenue cost to their agency of \$1,043 to \$5,960. COA notes some agencies already are incurring costs to track their vehicle use. Most of these costs would no longer be incurred. Undocumented savings to agencies from more efficient operation of their current fleet is expected to offset any additional costs of the vehicle fleet fee.

COA states they generally obtain annual inspections for vehicles and does not anticipate additional costs for this requirement.

ASSUMPTION (continued)

Oversight assumes:

(1) State agencies, including state colleges and universities could absorb costs of additional

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administrative duties;

(2) The Office of Administration will set the vehicle fleet fee at an amount that will offset administrative costs of the Office of Administration and Department of Revenue;

(3) The 1% fee retained by the Department of Revenue will be remitted to the General Revenue Fund; and

(4) The cost shown to the Office of Administration Revolving Fund represents a vendor's estimated cost for a comprehensive fleet management system.

Oversight assumes that actual costs could be \$7 to \$40 per vehicle and therefore has shown a range to the Various State Funds.

#The Oversight Subcommittee met on April 15, 2002, and voted that the net fiscal impact to all state funds be reduced to zero.

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
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OFFICE OF ADMINISTRATION REVOLVING FUND

Revenue - COA

State Vehicle Fleet Fee	\$583,720	\$600,815	\$618,412
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Costs - DOR

Deposit to General Revenue	(\$5,779)	(\$5,949)	(\$6,123)
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Costs - COA

Fleet Information System	(\$456,348)	(\$470,038)	(\$484,140)
Software Support	(\$25,000)	(\$25,750)	(\$26,523)
Personal Service (1.25 FTE)	(\$60,726)	(\$62,244)	(\$63,800)
Fringe Benefits	(\$21,867)	(\$22,414)	(\$22,974)
Expense and Equipment	<u>(\$14,000)</u>	<u>(\$14,420)</u>	<u>(\$14,852)</u>
Total <u>Costs</u> - COA	(\$577,941)	(\$594,866)	(\$612,289)

**ESTIMATED NET EFFECT ON
 OFFICE OF ADMINISTRATION
 REVOLVING FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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VARIOUS STATE FUNDS

Savings - All State Agencies#

Increased Efficiencies	\$105,000 to \$583,720	\$108,150 to \$600,815	\$111,395 to \$618,412
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<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
<u>Costs - All State Agencies</u>			
Payments to Office of Administration for Vehicle Fleet Fees	(\$105,000 to \$583,720)	(\$108,150 to \$600,815)	(\$111,395 to \$618,412)
ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS#	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

GENERAL REVENUE

<u>Revenue - DOR</u>			
Remittance of 1% Vehicle Fleet Fee	\$5,779	\$5,949	\$6,123
<u>Costs - DOR</u>			
Administrative Costs	(\$5,779)	(\$5,949)	(\$6,123)
NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal requires that all proceeds generated from the sales of state-owned vehicles, excluding proceeds from the sales of vehicles of the Department of Transportation, Department of Conservation, Missouri State Highway Patrol, and all colleges and universities, be deposited DESCRIPTION (continued)

into the Office of Administration Revolving Administrative Trust Fund with credit given to the state agency owning the vehicle at the time of sale. Upon appropriation, moneys received by the fund will be use solely for the purchase of vehicles by the state.

The position of state vehicle fleet manager is created within the Office of Administration. The

fleet manager will be appointed by the Commissioner of Administration. The fleet manager will be responsible for instituting and supervising a state fleet vehicle tracking system, ensuring that state vehicles are used only for state business, and complying with all purchasing policies when purchasing or maintaining state vehicles. The fleet manager will also have the authority to suspend any agency's use of its credits.

All state agencies will be required to submit annual reports to the fleet manager by October 31 of each year, and the fleet manager must submit an annual report to the legislature and the Governor by January 31 of each following year. The required reporting information is detailed in the proposal.

The Office of Administration shall establish guidelines for determining the most cost-effective and reasonable modes of travel. The Office of Administration shall study the possibility of provision of parking or transit costs for state workers throughout the state as a benefit to be included in the state cafeteria plan as provided under the Internal Revenue Code. The study and recommendation shall be completed by December 31, 2002.

Agencies will be required to pay a state vehicle fleet fee on each agency vehicle which the Director of Revenue shall deposit into the Office of Administration Revolving Administrative Trust Fund. All state vehicle fleet fee money collected will be used for payment of the state fleet vehicle tracking system. The Department of Revenue may retain the actual costs of administration, up to a maximum of 1% of all moneys collected.

All state agencies owning motor vehicles shall be responsible for obtaining an annual inspection of each of their vehicle's mechanism and equipment in accordance with 307.350 to 307.402 RSMo.

The proposal contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

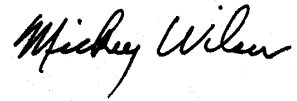
SOURCES OF INFORMATION

Office of the Governor
Office of the Lieutenant Governor
State Auditor's Office
Office of the Attorney General
Office of Prosecution Services
Missouri Tax Commission

Missouri Ethics Commission
Missouri Gaming Commission
Missouri Consolidated Health Care Plan
Harris-Stowe State College
Linn State Technical College
Missouri Western State College
University of Missouri
Truman State University
Public School and Non-Teacher School Employee Retirement Systems of Missouri
Missouri House of Representatives
Missouri Senate
Office of the State Courts Administrator
Missouri Lottery Commission
State Treasurer's Office
Department of Higher Education
Department of Conservation
Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Public Safety
 Fire Safety
 Director's Office
 Missouri State Highway Patrol
 State Emergency Management Agency
 Capitol Police
Department of Corrections
Department of Elementary and Secondary Education
Department of Economic Development
Department of Mental Health
Department of Social Services
Department of Insurance
Department of Agriculture
Department of Natural Resources
Secretary of State's Office
Department of Transportation
Department of Revenue
Office of Administration - Division of General Services

NOT RESPONDING

Central Missouri State University
Lincoln University
Missouri Southern State College
Northwest Missouri State University
Southeast Missouri State University
Southwest Missouri State University

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized 'M' and 'W'.

Mickey Wilson, CPA
Acting Director

April 15, 2002